

\$99 to replace a handle?

9/14/2010

Those of you who are regular readers of this space know that the title “handyman” is not one that fits me very well. I have been blessed with many gifts, but my ability to construct and repair just about anything is limited. Frankly my lovely wife is probably (OK definitely) more handy than I am. But that does not stop my confidence in sometimes trying.

For example, a couple of weeks ago my wife texted me with the news that the washing machine was making a funny noise. That night we worked together and attempted to empty some of the hoses inside the machine. The good news for me that once we got the cover off and had a look inside we realized that the job was going to be too much for either one of us, either individually or together. She called the repairman and it was a good thing as the problem was a motor and we would only have made matters worse with our efforts.

The next appliance to go on the fritz (it always seems like appliances seem to need repair in bunches) was our microwave. Once again I received a text saying that the handle had broken off of the door. Since I had no plans for lunch that day I went home, ready to use all of my repairman skills and evaluate the problem. On the way home I thought about using super glue to repair the broken plastic in question, but once I got there quickly figured out that the only alternative was to replace the handle in its entirety.

Once I received the replacement part the actual repair was going to be within my realm of expertise because it looked like it was simply a couple of screws. So now the job was to simply find that piece of molded plastic that would work as a replacement. I soon realized that I was not in a one handle fits all microwaves world. I needed to find the model number of the microwave which was not an easy task but accomplished without physical or mental harm. Only one local company carried the handle, but they wanted \$69 for the part, which I thought was crazy. So I went looking on the internet to find a less expensive handle.

I couldn't find one on line for less than \$99 and was not happy. As small business owners and managers part of our responsibilities are to set prices for our products. It is an interesting game. Set the prices high enough so that we make a decent profit, but not too high that our customers start looking to our competitors. Some like the idea of pricing items at \$9.95 instead of \$10.00 thinking that the lower first number will make more people buy from them.

Pricing a replacement microwave handle at 25% to 33% of the cost of replacing the entire unit is utterly ridiculous. I know you want to sell more product but you can also create customer loyalty by helping your products last longer. Pricing, including pricing replacement parts, is definitely a part of customer loyalty.

Right now we are using a shoe string wrapped around the microwave door to open it. We are trying to decide which way is the best way to go. Replace the handle on a 10 year old microwave or spend the money to buy a new one. Either way my repairman skills will not likely be put to the test. And yes, pricing will definitely play a role in our decision.

Small Business Today is a bi-weekly feature written by Tom Friedman, market president of First National Bank, Ames-Ankeny